

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2017

	As at 31/3/2017 RM'000	Audited as at 31/12/2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	41,079	41,863
Investment properties	87,842	87,842
Land held for property development	51,135	51,135
	180,056	180,840
CURRENT ASSETS		
Property development costs	43,990	43,884
Inventories	9,829	7,096
Amount due from customers for contract works	3,660	2,551
Trade receivables	41,337	35,783
Other receivables, deposits and prepayments	16,880	19,888
Tax recoverable	1,204	1,204
Deposits placed with licensed banks	145	145
Cash and bank balances	2,036	4,052
	119,081	114,603
TOTAL ASSETS	299,137	295,444
EQUITY AND LIABILITIES		
Share capital	258,186	246,278
Share premium	-	11,908
Treasury shares	(5,843)	(5,843)
Warrants reserve	8,889	8,889
Revaluation reserve	6,054	6,054
Accumulated losses	(116,518)	(117,168)
TOTAL EQUITY	150,768	150,119
NON-CURRENT LIABILITIES		
Borrowings (interest bearing)	27,147	30,420
Deferred tax liabilities	3,711	3,711
	30,858	34,131
CURRENT LIABILITIES		
Trade payables	19,252	11,980
Other payables, accruals and deposits	50,756	57,426
Borrowings (interest bearing)	43,204	37,490
Tax payables	4,298	4,298
	117,510	111,194
TOTAL LIABILITIES	148,368	145,325
TOTAL EQUITY AND LIABILITIES	299,137	295,444
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.31	0.31

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
COMPREHENSIVE INCOME FOR FIRST QUARTER ENDED 31 MARCH 2017

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/3/2017 RM'000	31/3/2016 RM'000	31/3/2017 RM'000	31/3/2016 RM'000
Revenue	9,534	10,033	9,534	10,033
Cost of sales	(4,543)	(6,550)	(4,543)	(6,550)
Gross profit	4,991	3,483	4,991	3,483
Other income	2,328	350	2,328	350
Selling and distribution expenses	(96)	(1,093)	(96)	(1,093)
Administrative expenses	(6,056)	(7,666)	(6,056)	(7,666)
Operating profit/(loss)	1,167	(4,926)	1,167	(4,926)
Finance cost	(517)	(792)	(517)	(792)
Profit/(Loss) before taxation	650	(5,718)	650	(5,718)
Taxation	-	-	-	-
	650	(5,718)	650	(5,718)
Net profit/(loss) attributable to:				
Equity holders of the Company	650	(5,718)	650	(5,718)
Non-controlling interests	-	-	-	-
	650	(5,718)	650	(5,718)
Earnings per share ("EPS") attributable to equity holders of the Company (Sen):				
Basic EPS	0.14	(1.19)	0.14	(1.19)
Diluted EPS	0.14	(1.25)	0.14	(1.25)
Net profit/(loss) for the financial period	650	(5,718)	650	(5,718)
Other comprehensive income				
Amortisation of revaluation reserve	-	-	-	-
Total comprehensive profit/(loss) for the period	650	(5,718)	650	(5,718)
Total comprehensive profit/(loss) for the period attributable to:				
Equity holders of the Company	650	(5,718)	650	(5,718)
Non-controlling interests	-	-	-	-
	650	(5,718)	650	(5,718)

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY FOR THE
FIRST QUARTER ENDED 31 MARCH 2017

← Attributable to equity holders of the Company →

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Treasury Shares RM'000	Total Equity RM'000
At 1 January 2016	246,278	12,880	8,889	6,054	(110,480)	(7,320)	156,301
Exercise of Warrants	-	-	-	-	-	-	-
Arising from shares buy-back	-	-	-	-	-	(2,075)	(2,075)
Amortisation of revaluation reserve	-	-	-	-	-	-	-
Total loss for the financial period	-	-	-	-	(5,718)	-	(5,718)
At 31 March 2016	246,278	12,880	8,889	6,054	(110,480)	(7,319)	148,510
At 1 January 2017	246,278	11,908	8,889	6,054	(117,168)	(5,843)	150,119
Exercise of Warrants	-	-	-	-	-	-	-
Arising from shares buy-back	-	-	-	-	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
Total profit for the financial period	-	-	-	-	650	-	650
Transition to no par value regime ***	11,908	(11,908)	-	-	-	-	-
At 31 March 2017	258,186	-	8,889	6,054	(116,518)	(5,843)	150,768

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

MEDA INC. BERHAD (507785 - P)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Cumulative quarter ended 31 March	
	2017	2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before taxation	650	(5,718)
Adjustments for:		
Depreciation	804	806
Gain on disposal of property, plant and equipment	-	(274)
Land held for sale	-	5,397
Provision of onerous contract	1,632	-
Interest expense	517	792
Interest income	(11)	(23)
Operating cash flows before working capital changes	3,592	980
Changes in working capital:		
Property development costs	(106)	9,632
Receivables	(3,655)	22,912
Inventories	(2,733)	(2,832)
Payables	(1,030)	(24,228)
	(3,932)	6,464
Interest paid	(11)	(24)
Interest received	11	23
Tax paid	-	(4,447)
Net Operating Cash Flows	(3,932)	2,016
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(20)	(1)
Proceeds from disposal of		
- property, plant and equipment	-	1,224
(Placement) / Withdrawal of deposit held as security	1,845	(3,786)
Net Investing Cash Flows	1,825	(2,563)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment to		
- bank loans	(2,653)	(392)
- hire purchase	(100)	(168)
Bank loan drawdown	5,194	-
Proceeds from issuance of shares via exercise of warrants	1	-
Purchase of treasury shares	-	(2,075)
Interest paid	(506)	(769)
Net Financing Cash Flows	1,935	(3,405)

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST
QUARTER ENDED 31 MARCH 2017

	Cumulative quarter ended 31 March	
	2017 RM'000	2016 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(172)	(3,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>(12,719)</u>	<u>(12,123)</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>(12,889)</u>	<u>(16,075)</u>
 ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	2,036	352
Deposits placed with licensed banks	145	71
Bank overdrafts - secured	<u>(13,764)</u>	<u>(14,196)</u>
	<u>(11,583)</u>	<u>(13,773)</u>
 Less: Deposits held as security value	 (145)	 (71)
Less: Housing Development Accounts held as security value	<u>(1,161)</u>	<u>(2,231)</u>
	<u>(12,889)</u>	<u>(16,075)</u>

MEDA INC. BERHAD (507785 – P)
PART B – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Basis of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The Group and the Company have adopted the following amendments to FRSs that are mandatory for the current financial year:

Amendments to FRSs

FRS 107	Disclosure Initiative
FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
FRS 12	Annual Improvements to FRS Standards 2014-2016 Cycle

The adoption of the above amendments to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

2. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

3. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items materially affecting the assets, liabilities, equity, net income or cash flow of the Group during the interim financial period.

4. Material Changes In Estimates

There were no material changes in estimates that have had any material effect results of the financial period under review.

5. Changes in Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review ended 31 March 2017.

6. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward, without amendment from financial statement as at 31 December 2016.

7. Segment Reporting

Segmental information for the interim financial period is presented in respect of the Group's business segment.

	Cumulative quarter ended 31 March			
	2017		2016	
	Revenue RM'000	Profit/(Loss) Before Tax RM'000	Revenue RM'000	Profit/(Loss) Before Tax RM'000
Property development	3,678	(1,063)	5,107	(2,988)
Property investment	695	(24)	732	(18)
Hotel operations	541	48	634	(259)
Others	4,620	3,010	3,560	(1,128)
	<u>9,534</u>	<u>1,971</u>	<u>10,033</u>	<u>(4,393)</u>
Unallocated expenses		(804)		(806)
Gain on disposal of property, plant and equipment		-		273
Finance costs		(517)		(792)
	<u>9,534</u>	<u>650</u>	<u>10,033</u>	<u>(5,718)</u>

8. Material Events Subsequent to Reporting Date

On 20 April 2017, the Company had entered into a conditional Sale and Purchase Agreement for the proposed disposal of The Summit Hotel Bukit Mertajam, owned by wholly owned subsidiary, ZKP Development Sdn. Bhd to Teraju Menang Sdn. Bhd. (Company No: 1139311-D) for a consideration of Twenty million only (RM 20,000,000) inclusive of Goods and Services Sales Tax ("GST").

The proposed disposal will result in the Meda Group realising a gain of approximately RM 6 million.

9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current reporting quarter.

10. Changes in Contingent Liabilities and Contingent Assets

There are no significant changes in contingent liabilities since the last annual balance sheet date as at 31 December 2016 as follows:-

	As at 31/3/2017 RM '000	As at 31/12/2016 RM '000
Guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>69,424</u>	<u>65,261</u>

1. Review of Performance

For the current quarter under review, the Group recorded revenue of RM 9.53 million was contributed mainly from Hostel rental at The Arc Cyberjaya and PR1MA Project at Tanjung Kling Melaka. Overall, the Group had recorded a profit before tax at RM 650,000 mainly due to mild deficit from Guarantee Rental Return (“GRR”) at The Arc Cyberjaya. The Group is expecting more revenue generated from Tanjung Kling PR1MA Project.

2. Material Changes in Profit/(Loss) Before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter

The Group recorded a profit before tax of RM 650,000 in the current quarter as compared to a profit of RM 370,000 in the immediate preceding quarter.

3. Prospects

The property market in Malaysia is expected to remain challenging in 2017. The group will explore more opportunities in expanding its property development segment, which will generate long term and sustainable earnings to the Group. Meanwhile, the Group is actively looking for potential land bank at Klang Valley which would generate higher profit margin to the Group.

4. Profit Forecast

Not applicable as no profit forecast was published.

5. Operating Profit/(Loss)

	Cumulative quarter ended 31 March	
	2017	2016
	RM'000	RM'000
Interest income	11	23
Interest expense	(517)	(792)
Depreciation	(804)	(806)
	<u> </u>	<u> </u>

6. Taxation

Included in the other payables, accruals and deposits of the attached Condensed Consolidated Statements of Financial Position is an amount of RM3.10 million representing the outstanding tax penalties. As of the date of submission of this report, the outstanding tax penalty was paid according to the monthly settlement plan which approved by tax authority.

7. Status of Corporate Proposal

Disposal of 100% Equity Interest in ZKP Development Sdn Bhd (“ZKP”)

On 24 July 2015, MEDA Group had entered into a conditional share sale agreement (“SSA”) for the proposed disposal of 100% equity interest in ZKP comprising 8,750,000 ordinary share of RM1.00 each in ZKP to Casa Andaman Sdn Bhd (“CASB”) for a cash consideration of RM 10,294,871. In addition to the disposal consideration, CASB had also undertaken to settle all net inter-company debt owed by ZKP to its holding company and its related companies on the Completion date. (“the Proposed Disposal”)

An Extraordinary General Meeting (“EGM”) was held on 3 December 2015 to approve the transaction.

An announcement was made on 10 January 2017 with regards to the automatic extension for another 3 months to 6 March 2017 for the payment of the disposal balance payment remains outstanding in accordance with the terms of the SSA wherein an interest of 10% per annum on the amount of the outstanding disposal balance payment, commencing from 7 December 2016 until the date of full payment of the disposal balance payment or such extended date as the parties may mutually agree upon.

On 6 March 2017, both parties had mutually agreed to terminate the share sale agreement for the proposed disposal of ZKP. Both parties also agreed that the ZKP SSA Termination had resulted in the absolute forfeiture of the Deposit amounting to approximately RM2.06 million by CASB in favour of Meda and the payment by CASB to Meda of the late payment interest amounting to approximately RM0.20 million.

8. Group Borrowings and Debt Securities

The borrowings of the Group were as follows:-

	As at 31/3/2017 RM ‘000	As at 31/12/2016 RM ‘000
Short Term – Secured	43,204	37,490
Long Term – Secured	27,147	30,420
	<u>70,351</u>	<u>67,910</u>

None of the Group borrowings is denominated in foreign currency.

9. Off Balance Sheet Financial Instruments

During the financial period under review, the Group did not enter into any contracts involving off balance sheet financial instruments.

10. Changes in Material Litigation

There were no material litigations as at the end of the current reporting quarter.

11. Dividend

No dividend has been recommended or declared for this current quarter and for this interim financial period under review.

12. Earnings Per Share

The basic and diluted earnings/(loss) per share have been calculated based on the consolidated net profit attributable to equity holders of the parent for the interim for financial period and the weighted average number of ordinary shares outstanding during the period as follows:-

i. Basic earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/3/2017 RM '000	31/3/2016 RM '000	31/3/2017 RM '000	31/3/2016 RM '000
Profit/(Loss) attributable to equity holders of the Company	650	(5,718)	650	(5,718)
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	482,992	481,820	482,992	481,820
Effect of shares issued during the period	(5,886)	(1,832)	(5,886)	(1,832)
	<u>477,106</u>	<u>479,988</u>	<u>477,106</u>	<u>479,988</u>
Basic earnings per share (sen)	<u>0.14</u>	<u>(1.19)</u>	<u>0.14</u>	<u>(1.19)</u>

ii. Diluted earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/3/2017 RM '000	31/3/2016 RM '000	31/3/2017 RM '000	31/3/2016 RM '000
Profit/(Loss) attributable to equity holders of the Company	650	(5,718)	650	(5,718)
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	482,992	481,820	482,992	481,820
Effect of shares issued during the period	(5,886)	(1,832)	(5,886)	(1,832)
	<u>477,106</u>	<u>479,988</u>	<u>477,106</u>	<u>479,988</u>
Effect on dilution of share warrants	(26,887)	(20,968)	(26,887)	(20,968)
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>450,219</u>	<u>459,020</u>	<u>450,219</u>	<u>459,020</u>
Diluted earnings per share (sen)	<u>0.14</u>	<u>(1.25)</u>	<u>0.14</u>	<u>(1.25)</u>

13. Disclosure of realised and unrealised profits/(losses)

The amounts of realized and unrealized profits or losses included in the retained profits/(losses) of the Group as at 31 March 2017 are as follows:-

	As at 31/3/2017 RM' 000	As at 31/12/2016 RM' 000
Total retained losses of the Company and its subsidiaries		
Realised	(106,753)	(107,403)
Unrealised	(9,765)	(9,765)
	<u>(116,518)</u>	<u>(117,168)</u>

14. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2016 was not qualified.

15. Authorization for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2017.

ON BEHALF OF THE BOARD

DATO' TEOH SENG KIAN
 Managing Director
 Selangor Darul Ehsan
 25 May 2017